

NJLOM Online Mini Conference

Abandoned Properties

Tools for Your Municipality

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Two Responsibilities of Tax Collectors



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- *Collecting Taxes*



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- *Collecting Taxes*
- *Enabling the transfer of abandoned Real Estate from those who abandoned it to those who will restore it*



The Cost of Abandonment



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- *\$50,000 in Property Value*



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- *\$50,000 in Property Value*
- *30% increase in gun violence*
 - *80% risk of crime*
- *500% increase in risk of fire*



Abandoned Property :

- **What is an Abandoned Property?**

- Determined to be Abandoned as per NJSA 55:19-81 and/ or Nuisance per NJSA 55:19-82
- Abandoned If:
 - Not Legally Occupied for a Period of Six Months AND Meets any one of the Following Additional Criteria:
 - Is in Need of Rehab and No Rehab has taken place in last six months
 - Construction was started and Discontinued prior to Completion Leaving Property Unsuitable for Occupancy
 - At Least one Installment of Property Tax Remains Unpaid
 - Property has been Determined to be a Nuisance per NJSA 55:19-82



Abandoned Property :

- Nuisance If:

- Property has been found to be unfit for Human Habitation/ Occupancy
- Condition and Vacancy of Property Materially Increases Risk of Fire
- Property is Subject to Unauthorized Entry Leading to Potential Health and Safety Hazards
- Presence of Vermin or Accumulation of Debris, Uncut Vegetation or Physical Deterioration of the Structure or Grounds have Created Health and Safety Hazards
- Dilapidated Appearance of the Property Materially Affects the Welfare, including Economic Welfare, of the Residents of the Area in Close Proximity



Abandoned Property :

- **Does Your Municipality have Properties like These?**
- **Utilizing the Statues as an Redevelopment Tool**



Poll Question



Abandoned Property & Special Tax Sale

Goals:

- **Eliminate Blight from the Community**
- **Promote Public Safety:**
 - **Reduce Risk of Squatters**
 - **Reduce Risk of Drug Activity**
 - **Reduce Fire Risk**
- **Increase Rateables**
 - **Increased Tax Revenue**
- **Accomplished by Two Year Time period Required to Begin Foreclosure is Eliminated**



Abandoned Property & Special Tax Sale

- Goals – Before & After



Abandoned Property & Special Tax Sale

Starting Points

- **Work With Community Development /Policy & Planning Depts.**
- **Determine if Abandoned Property List created Pursuant to N.J.S.A. 55:19-82**
- **Obtain a Copy of the List from Comm. Dev/ Planning Official**
 - **Ensure that List is Current and Up to date**
 - **Note/ Flag in Tax System the Properties**



Abandoned Property & Special Tax Sale

- Starting Tax Sale Process
 - Cross Reference Tax Sale List with Abandoned Property List
 - Work with Planning Dept. if Properties are Suitable/ Desirable for Special Sale



Abandoned Property & Special Tax Sale

- Special Tax Sale Process:
 - N.J.S.A. 55:19-101
 - Municipality May Establish Criteria for Eligibility to Bid at Special Sale
 - Examples:
 - Must begin Foreclosure Within Certain Time period
 - Once Title to Property Acquired Via Foreclosure Must Begin Demo/ Construction Within Certain Time
 - Must Complete Construction Within a Certain Time Period



Abandoned Property & Special Tax Sale

- Governing Body Resolution Required
 - Sets The Time and Place for Special Tax Sale
 - Sets the Conditions of the Sale
 - Sets the Properties to be Sold
 - Establishes if Any will be Sold in “Bid Packages”



Abandoned Property & Special Tax Sale

- **Subject to Expedited Notice Requirements:**
 - Single Advertisement In a Newspaper Circulating in the Municipality
 - Published No Less Than Four (4) Weeks Prior to Sale AND
 - No More that Six (6) Weeks Prior to Sale



Abandoned Property & Special Tax Sale

- **Subject to Expedited Notice Requirements:**

- **Notices Required:**

- Notice to Property Owner and Any Person Entitled to Notice (Mortgage Companies)
 - Notice Must Note any Special Terms of The Sale
 - Given That List is usually Fairly Small I have Sent Notices Via Regular and Certified Mail



Abandoned Property & Special Tax Sale

- Special Tax Sale is Conducted
 - May be Same Day as Regular Tax Sale
 - Good Idea to Have Bidders Sign and Acknowledge Terms of Sale
 - Bidding and Payment Same as Regular Sale
 - Issue Certs Within Same Time Frame as Regular Sale
 - Provide Bidders with Certification of Abandonment along with Tax Sale Cert



Abandoned Property & Special Tax Sale

- Redemption Procedures
 - Foreclosure Can Begin Immediately
 - Lien Holder can Secure Property
 - Board Up Windows
 - Cut Grass
 - Repairs to Prevent Further Damage
 - Can Submit Affidavit of Costs to add To Lien



Abandoned Property & Special Tax Sale

- Redemption Procedures:
 - N.J.S.A. 55-19-58
 - A Provision of the Urban Redevelopment Act provides that in the event of a tax foreclosure of a property on the abandoned property list, redemption is not permitted unless the owner either (1) posts cash or a bond equal to the cost of remediating the conditions which led to the property being placed on the list; or (2) remedies the conditions in full.



Abandoned Property & Special Tax Sale



Increase Competition at your Auction

- *Provide Timely Information to Investors*



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- *Provide Timely Information to Investors*
 - *Process Redemption Quickly*



Increase Competition at your Auction

- *Provide Timely Information to Investors*
 - *Process Redemption Quickly*
- *Allow timely subsequent tax payments*



Allow Maintenance Charges

- *When tax lien holders pay for maintenance, the tax payers don't have to*



Be an Advocate

- *Any policy that reduces tax collection rates is a bad policy*



Thank you

